



Health Services
LOS ANGELES COUNTY

June 18, 2008

**Los Angeles County
Board of Supervisors**

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Interim Director

Robert G. Spiawn, M.D.
Interim Chief Medical Officer

TO: Each Supervisor

FROM: John F. Schunhoff, Ph.D. 
Interim Director

SUBJECT: **ADDITIONAL INFORMATION RELATED TO THE
DEPARTMENT OF HEALTH SERVICES FISCAL
OUTLOOK**

This is to provide your Board with the information requested by Supervisor Yaroslavsky, during the June 16, 2008, Budget Deliberations meeting, regarding the Department of Health Services (DHS) Fiscal Outlook and projected carry over fund balance from Fiscal Year (FY) 2007-08 to FY 2008-09, and the accuracy of the projection in last year's Fiscal Outlook.

Per the DHS Fiscal Outlook memo dated June 18, 2007, the estimated designation balance for FY 06-07 was \$277.8 million. In the report to your Board in the DHS Fiscal Outlook memo dated September 25, 2007, the actual designation balance at the close of FY 06-07 was \$135.3 million.

The difference of \$143.5 million ($\$277.8 \text{ M} - \$135.3 \text{ M} = \143.5 M) was primarily \$143.0 million for the Managed Care Rate Supplement, which did not occur in FY 06-07. At the time the County closed the books for FY 06-07, the Managed Care Rate Supplement was still pending Federal approval, therefore, the revenue could not be accrued and the estimated collection of this revenue was moved to FY 2007-08. The remaining \$0.5 million variance related to various minor changes.

If you have any questions, please let me know.

JFS:rs

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

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